



DEPARTMENT OF THE NAVY
NAVY RECRUITING COMMAND
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COMNAVCRUITCOMINST 12450.2B
N1
30 Jun 2009

COMNAVCRUITCOM INSTRUCTION 12450.2B

From: Commander, Navy Recruiting Command

Subj: NATIONAL SECURITY PERSONNEL SYSTEM (NSPS) POLICY AND
BUSINESS RULES

Ref: (a) 5 CFR 9901
(b) DoD Civilian Personnel Manual 1400.25M,
Subchapters 1930 and 1940 of 12 Dec 08
(c) DoN NSPS Interim Guidance of 21 Apr 06
(d) DoN Pay Administration Under NSPS Interim
Guidance - Version 2.4 of 4 Jan 09
(e) BUPERS NSPS Business Rules of 12 Sep 08

1. Background. The National Security Personnel System (NSPS) is a pay-for-performance system designed to promote a culture in which the performance and contributions of the civilian workforce are more accurately and fully recognized and rewarded.

2. Cancellation. COMNAVCRUITCOMINST 12450.2A and COMNAVCRUITCOMINST 12450.3A. This is a complete consolidation and revision to the previous instructions and needs to be read in its entirety.

3. Scope. This policy applies to all federal civilian employees assigned to NAVCRUITCOM Headquarters, Navy Recruiting Regions, and Navy Recruiting Districts, and all military personnel who supervise civilian employees. References (a) through (e) are germane.

4. Pay Pool Structure

a. NAVCRUITCOM employees are divided into three Pay Pools:

(1) NAVCRUITCOM Headquarters (HQ), Region East (RE) and Region West (RW) Headquarters

(2) RE Navy Recruiting Districts

(3) RW Navy Recruiting Districts

b. The NAVCRUITCOM Deputy Commander will serve as the HQ Pay Pool Manager (PPM) and the respective Region Commander will serve as the Region PPM.

c. Pay Pool Panels (PPP) will consist of at least five members, including the PPM, and should consist of at least 50% civilian supervisors when possible. Normally, leadership from the HQ, Regions and Districts will serve on the Pay Pool; however, any Rating Official (RO) or Higher Level Reviewer (HLR) is eligible to serve.

5. Pay Pool Funding. Funding levels for performance payouts will be published annually no later than 30 days after the payout effective date. The pay pool fund consists of three elements, which are expressed as percentages:

a. Element 1 represents funds historically spent on within-grade increases, quality-step increases, and promotions between General Schedule grade levels that no longer exist under NSPS. The Secretary of Defense will establish and may periodically adjust Element 1 funding floors. Element 1 funds can only be paid as salary increases.

b. Element 2 represents funds (if any) that remain from the annual government-wide general pay increase after the Secretary of Defense exercises his/her authority to fund any rate range adjustments. Element 2 funds can only be paid as salary increases.

c. Element 3 represents funds normally paid as performance-based cash awards and can only be paid as bonuses.

d. The Comptroller (N8) will budget for and monitor the level of funds available for the pay pool, discretionary performance pay, and incentive awards.

6. Responsibilities

a. Performance Review Authority (PRA). The Commander, Navy Recruiting Command will serve as the PRA for all three pay pools. The PRA will:

(1) Appoint PPMs at the beginning of each performance cycle to manage the pay pool fund, resolve discrepancies, and ensure consistency.

(2) Inform employees of pay pool composition, panel membership, and general performance management policies no later than 90 days prior to the end of the performance cycle.

(3) Ensure funding is adequate for the pay pool payout and discretionary performance pay, and certify to higher authority that the statutory pay pool funding floor has been met.

(4) Serve as the final authority for adjudicating rating reconsideration requests.

b. Pay Pool Manager (PPM)

(1) Serve as the approval authority for performance ratings, share assignments, and payouts.

(2) Appoint and designate in writing PPP members and the Pay Pool Administrator (PPA).

(3) Ensure ROs, HLRs, management officials, and PPP members have been adequately trained.

(4) Convene and chair PPP meetings and deliberations. Ensure pay pool procedures and policies are exercised in a consistent manner; provide defined roles and responsibilities to each panel member.

(5) Approve final ratings and share assignments.

(6) Distribute funds per the PRA's policy and applicable regulations.

(7) Publish a report of the annual appraisals to include:

(a) Average pay pool rating level,

(b) Number of employees or percent of employees receiving each rating level,

(c) Average share assignment,

(d) Number of employees receiving each share assignment,
and

(e) Pay pool share value expressed as a percent of base salary.

Note: To ensure confidentiality of individual employees, published pay pool summary data will not be displayed in a manner that could reasonably result in identity of a specific employee.

(8) Serve as the Equal Employment Opportunity (EEO) representative on the pay pool panel to ensure employee performance appraisals are given a fair review without regard to race, national origin, sex, color, religion, age, physical/mental disability, or reprisal for prior EEO complaint or involvement.

c. PPP Members. PPP members will be assigned by the PPM. Panel members will:

(1) Complete all required training.

(2) Review recommended ratings of record, share assignments, and/or payout distributions and make adjustments, which in the panel's view would result in equity and consistency across the pay pool.

(3) Seek consensus in the recommendations presented to the PPM of final ratings, shares, and payouts.

d. NSPS Program Manager. The NSPS Program Manager will:

(1) Maintain the command's organizational/self-service hierarchy in Defense Civilian Personnel Data System (DCPDS). Maintaining accurate supervisor-subordinate relationships permits the operation of the Performance Appraisal Application (PAA) work-flow function for routing performance plans and appraisals. Particularly critical is the timely addition and removal of military personnel who supervise NSPS employees.

(2) Initiate and track the submission of My Workplace User Account Request forms.

(3) Coordinate any required NSPS training for existing and newly hired personnel.

(4) Publish a calendar of important dates and events to keep everyone informed of required actions and deadlines.

e. Pay Pool Advisor. The NAVCRUITCOM NSPS Program Manager will serve as advisor and:

(1) Have complete oversight of the daily NSPS Program operations.

(2) Advise the PPM concerning OPM, DoD, DoN, BUPERS and NAVCRUITCOM civilian human resources policies and business rules governing NSPS performance and pay pool management.

f. Pay Pool Administrator (PPA). The NSPS Program Manager will assign/appoint individuals to serve as PPAs for PPPs. Each PPA will:

(1) Communicate NSPS policies, procedures, timelines, and payout results to the workforce.

(2) Schedule and facilitate all PPP meetings, including mock and final panels.

(3) Compile and analyze data, identify trends, document lessons learned, and recommend process improvements, training needed, and/or policy or procedural changes to the PPM.

(4) Advise the PPP concerning OPM, DoD, DoN, BUPERS, and NAVCRUITCOM civilian human resources policies and business rules governing NSPS performance and pay pool management.

(5) Prepare necessary documentation as requested by the PPM to facilitate panel deliberations. Such materials may include: electronic or paper copies of employee performance plans, recommended ratings and assessments from the employee, RO, and Higher Level Reviewer (HLR); copies of the performance indicators and contributing factors; copies of current NSPS pay schedules and bands; a list of promotions and reassignments that occurred during the cycle; etc.

(6) Maintain pay pool identifiers, roles, and membership in the Defense Civilian Personnel Data System (DCPDS) using the Manage Pay Pool Identification (MPP ID) tool.

(7) Receive, store, and secure appraisal information for the panel's use and for record purposes.

(8) Populate the Compensation Workbench (CWB) with data from DCPDS and the Performance Appraisal Application (PAA). Identify and track special situation employees who may or may not be eligible for ratings or payouts prior to PPP meetings and adjust the CWB accordingly.

(9) Operate automated pay pool tools during panel meetings to provide data for the panel's use, and input the panel's rating, share assignment, and payout distribution decisions. Track changes made for subsequent discussions with ROs.

(10) Verify ratings, shares, and payout data from the CWB after PPP meetings and upload data to DCPDS.

g. NAVCRUITCOM Department Heads, Region Commanders, District COs/XOs will:

(1) Effectively manage the performance of employees assigned to their department in a manner consistent with merit system principles.

(2) Reconcile ratings of employees for accuracy, consistency, and fairness prior to submitting recommended ratings to the Pay Pool Manager (PPM).

(3) Ensure ROs complete performance plans, interim reviews, recommended end of cycle ratings, and annual appraisals within established timeframes.

h. Higher Level Reviewers (HLRs). Second level supervisors will serve as HLR. HLRs will:

(1) Review performance appraisals to ensure accuracy, timely submission, compliance with requirements, and take corrective action to eliminate inflated and/or late submission.

(2) Direct Rating Officials (ROs) to clarify or modify performance appraisals that do not adhere to policy, appear to contain inflated marks, contain insufficient justifications, or ambiguous and unsupported comments.

(3) Ensure equitable and consistent application of, and compliance with, rating requirements by all subordinate ROs, and revise recommended ratings when necessary.

(4) Serve as the RO for subordinate employees in the event their RO is absent or unqualified to serve.

i. ROs. First level supervisors will serve as ROs and will:

(1) Provide meaningful, constructive, and ongoing (i.e., regular and timely) feedback to employees regarding their performance.

(2) Ensure employees acknowledge receipt of their approved job objectives in the PAA. ROs must communicate performance expectations to employees in writing prior to holding them accountable.

(3) Be held accountable to their duties under NSPS as defined by the mandatory supervisor job objective. Performance of military supervisors will be reflected in the Leadership performance trait of Fitness Reports and Evaluations.

(4) Communicate deficiencies to an employee if at any time during the rating cycle the employee's performance fails to meet at least level 3 for any job objective. A meeting to address deficiencies is mandatory and must be documented in the PAA.

(5) Document employee achievements for use during the Interim and End-of-Cycle reviews.

(6) Ensure no changes are made to an employee's approved performance plan within the last 90 days of the performance cycle (no later than 30 Jun).

(7) Meet face-to-face with each employee at least four times each year as follows:

(a) First meeting. Within the first 30 days of the performance cycle or hiring, work with the employee to develop job objectives or tweak existing objectives, and select the appropriate contributing factor. The RO should have the employee create their performance plan in the PAA and route it to the RO for review. The RO must make any necessary changes and route the plan to the HLR for approval. After approval the RO must clearly communicate the approved objectives and performance expectations to the employee, then document the conversation and have the employee acknowledge their approved objectives in the PAA.

(b) Second meeting. Conduct an interim review mid-way through the rating cycle to acknowledge achievements, reinforce effective behavior(s), address performance deficiencies and/or behavior challenges, and update job objectives, if needed. The interim review must be routed to the HLR for approval and acknowledged by the employee in the PAA.

(c) Third meeting. Meet with the employee at the end of the rating cycle to discuss the employee's self assessment and clarify performance accomplishments prior to making a recommendation of ratings, shares, and payout distribution to the PPP.

(d) Fourth meeting. Communicate final approved rating of record, number of shares awarded, and payout distribution once approved by the PPM. This conversation should occur prior to the effective date of the performance payout with few exceptions.

(8) Provide a closeout assessment for each employee prior to the RO's or employee's job change, extended absence, or separation. A closeout assessment is required if the employee has been assigned to a specific RO and on an approved performance plan for more than 30 consecutive days.

(9) Provide an early annual recommended rating of record prior to the RO's job change, extended absence, or separation, or the employee is reassigned, promoted, or demoted within NSPS within the last 90 days of the rating cycle. The losing RO will give the employee an opportunity to submit a self assessment in the PAA before assessing the employee's performance and recommend a rating of record, share assignment, and payout distribution.

(10) Follow pay pool administrative procedures and business rules when preparing assessments and recommendations for ratings, shares, and payout distribution. ROs will not share recommended ratings, shares, or payout distribution with employees.

(11) Notify the Pay Pool Administrator (PPA) by email when employee appraisals are complete in My Workplace. If/when requested by the Pay Pool Panel (PPP), ROs will provide additional supporting justification for an employee's recommended ratings, shares, and payout distribution.

(12) Be available to the PPP during the dates and times scheduled for panel deliberations. Should mission requirements dictate an RO's absence, it is the RO's responsibility to notify the PPA via email and provide accurate information to permit contact via telephone and/or email. Annual leave and mission dictated travel for those involved in the review process should be carefully considered and approved on a case-by-case basis.

j. Employees will:

(1) Work with ROs to establish individual job objectives, select appropriate contributing factors, and acknowledge receipt of approved performance plans and assessments in the PAA.

(2) Understand the link between performance expectations, conduct, and organization mission and goals. Although not specifically stated in a job objective, each job objective includes general behavior expectations.

(3) Identify, track and document performance accomplishments.

(4) Engage in open and ongoing dialogue with their RO.

(5) Have the option to submit a self-assessment in the PAA for the mid-cycle interim review, any closeout reviews, and the end of cycle appraisal but must follow pay pool administrative procedures and business rules to prepare their assessments. Self assessments are optional but highly encouraged since they offer the employee the single best opportunity to document their accomplishments and explain their contribution to the organization's success. Although ROs have primary responsibility for providing employee feedback, employees share the responsibility to identify and communicate successes and difficulties relative to their assigned objectives. Written assessments must directly tie the employee's accomplishments to the associated job objectives.

7. General Pay Pool Policies

a. PPP operations are constrained by a number of considerations including the beginning of a new fiscal year, holidays, and the requirement to complete the process in a timely fashion to ensure employees receive their rating of record by 1 January. This limited timeframe for PPP deliberations dictates that appraisal submission and review deadlines must be met without exceptions.

b. The PPP will convene as soon as practical after the close of the rating cycle. PPP dates will be published in advance of panel meetings.

c. A minimum of four voting panel members, excluding the PPM, must be in attendance to establish a quorum.

d. ROs may be invited to a PPP meeting by panel members to clarify or explain an employee's performance appraisal.

e. Compensation received during the rating cycle for promotions, reassignments, or incentive awards may be considered in making payout distribution decisions.

f. The number of shares to award will be mathematically determined by using the employee's unrounded performance rating score.

g. Setting pre-established limits for the percentage or number of ratings that may be assigned at any level is strictly prohibited.

h. When an employee who is eligible for the January payout moves to a position in a different pay pool prior to receiving the payout, their payout will be calculated and paid based on the pay pool funding and share valuation of the gaining pay pool.

i. An employee who retires, separates, or transfers to a position no longer covered by NSPS prior to the January payout is not entitled to a performance payout even if the employee is subsequently rehired into an NSPS position prior to the payout. Management can approve payment of a Chapter 45 cash incentive award.

8. Performance Management. The guidance below specifies how ROs should conduct performance management events.

a. Establish the Performance Plan. Lessons learned during our first performance cycle clearly highlight the importance of properly written performance plans and job objectives. The following guidance will assist ROs and employees with establishing effective performance plans.

(1) Performance plans will be entered in the PAA. Job objectives may be developed, critiqued, and revised using word processing applications such as Word, but must be entered into the PAA for formal routing and approval by the RO and HLR.

(2) Each job objective must be named and the name must reflect the expected final product, outcome, or responsibility (i.e., Training, Officer Kits, Web Content Management, etc.).

(3) Each job objective must include at least two valid metrics the employee, RO and PPP can use to measure and evaluate the employee's performance. Each metric should include a reasonable range to describe Valued Performer (Level 3) performance expectations (i.e., response due to the customer within three-five business days of receipt). The range should reflect whatever time, quality, or quantity measurement is considered the norm and acceptable to the customer. If the employee's accomplishments fall within the stated range, the employee could receive a Level 3 rating on the objective. If the employee's performance falls below the stated range, the employee could receive a Level 1 or 2 rating on the objective. If the employee's performance exceeds the stated range, the employee could receive a Level 4 or 5 rating on the objective. Avoid simply stating "within 5 days" or using the term "no later than" since this results in a pass/fail metric that cannot be rated higher than a Level 3.

(4) Employees will have no more than three active job objectives at any time. Occasionally an employee will complete an objective or an RO will cancel an objective prior to the end of the performance cycle. In these cases, with Department Head, Region Commander or District Commanding Officer approval, an RO can add additional responsibilities related to the completed objective or add another objective so the employee will continue to perform under three active objectives. Job objectives are to be specific, measurable, aligned, realistic, relevant, and timed (SMART).

(5) Employees officially classified as supervisors will have two technical job objectives plus the appropriate mandatory supervisory objective, for a total of three job objectives. Effective 1 October 2009, the NAVCRUITCOM supervisory job objective will be based on the employee's level of supervision:

(a) Immediate Supervisors - Immediate supervisors are classified as those who supervise non-supervisory personnel. Immediate supervisors within NAVCRUITCOM occupy positions assigned to the YC-1 and YC-2 Pay Bands. In addition, NAVCRUITDIST Enlisted Processing Division Supervisors (EPDS) are supervisor positions assigned to the YA-2 Pay Band.

(b) Intermediate Supervisors - Intermediate supervisors within NAVCRUITCOM occupy positions assigned to the YC-2, YC-3, YF-2, and YF-3 Pay Bands. Intermediate supervisors perform supervisory functions for subordinate supervisory personnel. Note: The following YC-2 positions in NAVCRUITCOM are considered

Intermediate Supervisors and all other YC-2 positions are considered Immediate Supervisors:

1. Deputy Director, N1
2. Deputy Director, N4
3. Deputy Director, N9

(6) Each NAVCRUITCOM supervisory job objective should include two paragraphs:

(a) Paragraph 1 of the objective is mandatory and contains language from DoD Directive 1400.25M, Subchapter 1920, Appendix 5, describing typical immediate or intermediate supervisor duties. This paragraph and the title of the job objective cannot be changed.

1. The title of the Immediate Supervisor Job Objective is "Immediate Supervisor" and reads as follows:

"1. Per DoDD 1400.25M, SC 1920, APP 5, execute immediate supervisor duties to include: Assign work based on priorities, difficulty of assignments, and capabilities; Provide oversight; Develop performance plans, evaluate performance, and provide recommended ratings of record by deadlines; Interview candidates for subordinate positions; Recommend hiring, promotion, reassignments, and performance awards; Take disciplinary measures; Identify/arrange development/training plans; Adhere to HR, Privacy Act, security and applicable regulations.

2. The title of the Intermediate Supervisor Job Objective is "Intermediate Supervisor" and reads as follows:

"1. Per DoDD 1400.25M, SC 1920, App 5, execute intermediate supervisory duties within established timelines to include: All immediate supervisory functions; Make decisions on technical and personnel issues; Review evaluations of employees rated by subordinate supervisors; Assure equity performance objectives, standards and ratings among subordinate organizations; Recommend performance awards and salary/bonus distributions; Evaluate subordinate supervisors; Make/approve subordinate non-supervisory selections; Recommend subordinate supervisory selections.

(b) Paragraph 2 of the objective should include specific areas of focus with measurable timelines, quality standards, or metrics the Rating Official wants to assign to the supervisor for the current rating cycle.

(7) Factors to be considered when evaluating the supervisory job objective include the quality and timeliness of the RO's assessments. This supervisory job objective will use "Leadership" as the sole contributing factor.

(8) Effective 1 October 2009, Department Heads, Region Commanders and District Commanding Officers are authorized to weigh job objectives. This authority cannot be further delegated. If weights are established for a supervisor position, the supervisory objective must be weighted no lower than 25%.

(9) ROs should submit new performance plans to the HLR within 15 calendar days of the beginning of each rating cycle, the employee's entrance on duty date, or job change in order to have performance plans approved and acknowledged within 30 days. The Pay Pool Manager (PPM) or higher authority may authorize an extension.

b. Interim Review. The purpose of the interim review is for the employee and RO to discuss the employee's performance up to the midpoint of the rating cycle, and to document this discussion on the performance plan. At least one formal interim performance review will be prepared and documented as described below. Additional reviews may be conducted if warranted by the employee's performance.

(1) The RO will prepare in the PAA an assessment that clearly states whether they concur with the employee's assessment and whether the employee is meeting, exceeding, or failing to meet each job objective. If the RO assessment does not concur with the employee's, the disparity must be addressed in the RO's statement. Recommended ratings (i.e., 1, 2, 3, 4, or 5) will be entered in the ratings section of the PAA. Do not enter recommended ratings in the RO's comment section of the assessment.

(2) The RO should determine if the employee's job objectives are still current. Any necessary changes, additions or deletions should be discussed with the employee and incorporated in the performance plan during the interim review. Job objectives cannot be modified during the last 90 days of the performance cycle.

(3) Contributing factors must be addressed, at the individual job objective level, to show how the contributing factor affected the outcome of the employee's performance.

(4) The RO must contact the NAVCRUITCOM Human Resources Liaison Office (N12) or the Human Resources Office (HRO) for advice and guidance whenever a subordinate fails to meet one or more job objectives.

c. End-of-Cycle Review

(1) The NSPS Program Office will inform ROs and employees of the employee's option to submit a written self-assessment in the PAA by a specific date at or near the end of the rating cycle.

(2) The RO will review and discuss the employee's self-assessment with the employee before entering the RO's annual assessment in the PAA and recommending a performance rating, share assignment, and payout distribution to the PPP.

(3) ROs will not ask employees their preference for a salary increase or bonus. However, an employee scheduled to resign or retire after the performance payout effective date should submit written documentation to their RO during this time. In these situations the RO will usually recommend 100% of the employee's payout be paid as a bonus. Once the PPM approves any performance payout it cannot be changed.

(4) Assessments may only address accomplishments that occurred during the rating cycle.

(5) Accomplishments cited in the employee's and RO's assessments must be linked to the appropriate job objective and avoid simply restating the job objective. The RO's assessment should also avoid repeating the employee's assessment. The RO must state whether they concur with the employee's assessment of each objective and provide details about the results identified in the self-assessment (i.e. the accomplishment of 35 transactions far exceeds the normal expected level of 20).

(6) Every performance expectation (metric) identified in a job objective must be addressed in the assessment. For example, if a job objective cites both a quality metric and a due date, the assessment must state the finished product's quality and whether the due date was met.

(7) Accomplishments will be written as outcomes instead of a summary of work activities, and must show how they contributed to the completion of the job objective. Assessments should also address how the employee's accomplishments impact the organization, recruiting, etc., (the "so what?" factor).

(8) Language from the DoD performance indicator benchmarks may be used but should be tailored to describe the employee's accomplishments. Simply restating the words in the descriptors will not suffice. Likewise, language from the DoD contributing factor benchmarks may be used and tailored to describe the effect of the contributing factor on the outcome of the employee's performance.

(9) ROs must explain any special circumstances, such as an employee detail to another command during the rating cycle, long term training, extended work absence, etc., which impacted the employee's accomplishment of their job objectives.

(10) All job objectives must be rated unless the employee did not have an opportunity to accomplish the objective for reasons beyond their control. In this situation, the job objective will be marked "NR" for not rated. The RO must explain the circumstances preventing the rating of a job objective.

(11) ROs must fully justify any proposed rating. They should not use broad and general statements that combine performance levels such as "met and exceeded"; language used in previous appraisal systems (i.e. "critical elements"); or superfluous phrases such as "a pleasure to work with."

(12) DoD's published performance indicator benchmarks must be used to rate employees and determine their level of accomplishment of each job objective. These benchmarks describe two levels of accomplishment by pay schedule and band: Levels 3 and 5. Employees must meet all listed benchmark descriptors to earn the respective rating. When an employee meets all of the Level 3 descriptors and some but not all of the Level 5 descriptors, the employee could receive a Level 4 rating. ROs must extrapolate and provide additional information to support ratings at Levels 1 and 2.

(13) The RO's assessment of each objective must be consistent with the recommended rating. For example, stating an employee exceeded performance expectations for a job objective and then rating them at level 3 is inconsistent. Conversely, a

litany of accomplishments about an employee simply meeting the job objective should not be paired with a recommendation for a Level 4 or 5 rating.

(14) The first sentence of the RO's assessment for each job objective will indicate whether they concur with the employee's assessment. The RO must address any disparity between the two.

(15) The second sentence will correspond to the recommended numerical rating:

Level 1 - "(Name) did not meet the job objective."

Level 2 - "(Name) partially met the job objective."

Level 3 - "(Name) met the job objective."

Level 4 - "(Name) exceeded the job objective."

Level 5 - "(Name) significantly exceeded the job objective."

(16) Each contributing factor should be addressed at the end of each objective assessment with the impact clearly stated (negative, neutral, or enhanced). A contributing factor can increase or decrease the assigned rating of an individual job objective when:

(a) It was selected for use with the job objective when the performance plan was established.

(b) It had a significant impact on the accomplishment of the job objective.

(c) Its effect on accomplishment/non-accomplishment of the job objective is justified in the written assessment. The employee and RO should provide specific examples tied to the accomplishment of the job objective. Employees must meet all of the Contributing Factor descriptors at the Expected level to justify a neutral (0) impact and all of the Expected and Enhanced descriptors to justify an enhanced (+1) effect. ROs must also include justification to show an employee did not meet the Expected level to support a negative (-1) effect.

(17) Any collateral duties or efforts supporting command goals outside the employee's specified objectives can be used to support an appropriate contributing factor.

(18) Detailed or temporarily reassigned employees are assigned to the pay pool based on the position to which permanently assigned. The permanent supervisor is responsible for completing the recommended rating of record and must consider input received from temporary supervisors.

(19) Employees who perform under an NSPS performance plan for a minimum of 90 days prior to the end of the annual rating cycle are entitled to a rating of record. When a RO is not qualified to rate under NSPS, such as a recent hire who has not yet received training, or is otherwise unable or unavailable to rate an employee, the HLR will fulfill this requirement.

(20) Employees who have not completed a 90-day minimum period of performance under an approved NSPS performance plan during the rating cycle will not be rated. Periods of non-pay status (i.e. leave without pay, absence without leave), and service performed prior to a break in NSPS-covered service (i.e. due to job change or resignation) do not count toward the 90-day minimum. Exceptions include employees who are absent due to qualifying uniformed service or other special situations.

(21) Performance appraisals must be written and all higher level reviews, critiques, and revisions completed not later than the end of the 2nd week of October to allow time to prepare for and commence PPP preparations. Consistent failure to meet deadlines and publicized timeframes by ROs or HLRs will be reflected in their next performance rating, fitness report or evaluation. When ROs or HLRs are consistently late, the chain of command will be notified and, if necessary, decertification as an NSPS RO will occur. ROs should contact the NSPS Program Office for advice and guidance as needed to carry out their performance management responsibilities.

(22) ROs are not authorized to communicate their recommended ratings, share assignments, or payout distributions with employees. Only the approved Pay Pool ratings and shares will be discussed.

d. Annual Performance Appraisal

(1) Once the PPP has met and the PPM and PRA have approved the payout, employees will be briefed on their rating of record and share award by their RO. ROs must understand and be able to explain the approved rating of record, share allocation, and payout distribution decisions to their employees. Additionally, if

queried, ROs need to explain to employees that they are not rated against other employees. Performance ratings are based on an employee's accomplishment of their job objectives and the application of DoD performance indicators and contributing factor benchmarks. An employee's performance and circumstances may vary from year to year; therefore a prior year's performance is not predictive of successive years' ratings.

(2) A performance payout can be distributed to an employee as an increase to base salary, a cash bonus, or a combination of the two. Performance payouts for employees receiving retained pay must be paid as a bonus.

9. Mock Pay Pool

a. A mock PPP will convene immediately after mid-cycle interim reviews are completed to exercise all aspects of the pay pool panel process, and develop lessons learned for use in future panel meetings.

b. The PPP will provide feedback to employees and ROs on the quality of their job objectives and assessments. However, individual employees will not be given a rating or share distribution report based on the mock pay pool operations.

10. PPP Procedures

a. Meetings will occur face-to-face. The duration of panel meetings will range from 6-10 hours each day to allow sufficient time for issues to be analyzed and discussed and to ensure a common understanding and consensus can be achieved. Follow-on meetings to discuss rating justification information with ROs/HLRs may be held by phone or video teleconference.

b. Deliberations and discussions are confidential. No meeting minutes will be taken. PPP members will be informed in writing of the non-disclosure policy prior to beginning panel deliberations. PPP members may not participate in panel deliberations on those with whom they share a close personal or family relationship.

c. All persons involved in the PPP will sign a non-disclosure agreement and abide by the standards of conduct and ethics as outlined in the implementing issuances. At a minimum, the PPM, PPP members, PPA, and any support personnel will sign nondisclosure statements. All panel deliberations, materials, and information (both written and verbal) developed during these

meetings are For Official Use Only (FOUO) and privacy sensitive. Work products of the PPP, including out briefs and reports to the PRA are Performance Management Records. These records will be securely stored for record purposes for four years.

d. All rating officials will be available to the PPP during the dates and times scheduled for panel deliberations. Should mission requirements dictate a rating official's absence it is that official's responsibility to notify the PPA and provide accurate information to permit contact via telephone and/or email. In the event the PPP requires additional information from a rating official who is unreachable, the HLR will be contacted for the additional information. The PPP dates will be published well in advance of panel meetings. Annual leave and mission dictated travel for those involved in the performance review process should be carefully considered and approved on a case-by case basis.

e. Administrative support for each PPP requires: Meeting rooms, computers with internet access, database, word processing, spreadsheet, and email applications, high-speed NMCI networked printers and copiers, and access to phones and email to contact ROs and HLRs when needed.

f. The PPP will begin by reviewing and discussing any precept or guidance related to the panel's function and expectations.

g. The PPM will assign employee appraisals to individual panel members for review and presentation to the rest of the panel. The review and brief will be based exclusively on the written record. PPP members will review all records but will brief only their assigned records. Panel members will review but not present or vote on performance appraisals of employees in their department, region, or District.

h. After reviewing their assigned performance appraisals, PPP members will state their concurrence with the RO's recommended ratings and payout distribution or present their rationale for any proposed changes. While the PPM will brief performance appraisals to the other panel members, he/she is not required to vote on panel recommendations.

i. Approval of ratings, shares, and payout distribution for each employee requires a simple majority vote. The PPM will vote to break ties.

j. If the panel votes to change a recommended rating or distribution, they must contact the employee's RO. The RO will have eight working hours to respond via email to provide additional written justification to support the recommended rating. A decision by the PPP to change an employee's recommended rating (up or down) will not be made until after the RO is given an opportunity to present their rationale for the rating. Upon receiving the additional information, the record will be re-briefed and the PPP will again vote on the ratings. If the Panel still needs clarification after receiving the written response, they have the option to call the RO. If the RO or HLR is not available, or fails to respond timely to the PPP, the PPM will make the final decision regarding proposed rating changes. Non-availability of a RO or HLR is not an acceptable reason to delay a decision to change a rating, or to delay or stop the performance payout.

k. Once ratings are approved by the PPM they become the final rating of record and the recommended ratings are no longer relevant.

l. The RO will be given instructions to make any required changes to the RO assessment, objective ratings, and/or contributing factor impact in the PAA to reflect the PPM's decision. The RO will complete all changes prior to conducting the annual appraisal meeting with the employee.

m. After this point, other than through the Rating Reconsideration Process, no changes to ratings, shares, or payout distributions will be made once the PPM's decisions are forwarded to the PRA.

n. Once the PPM approves the performance appraisal, only the final rating of record, share assignment, and payout distribution can be communicated to the employee by the RO.

11. Discretionary Performance Payouts. Extraordinary Performance Recognition and Organizational/Team Achievement Recognition are optional performance payouts that can be granted in addition to pay pool payouts and incentive awards. These payouts are made in conjunction with the annual performance payout, and can be awarded as an increase to base salary, a bonus, or a combination of the two. Pay pool funds cannot be used for discretionary performance payouts.

a. An Extraordinary Performance Recognition (EPR) is intended to reward an employee when the annual performance payout formula does not adequately compensate them for their extraordinary performance and results. EPRs should be used sparingly, and only to reward trendsetters or change agents whose exceptional level of performance is expected to continue. To qualify for an EPR, an employee must receive a Level 5 performance rating for the most recently completed appraisal cycle. EPR nominations will be submitted to the PPP for review and subsequent recommendation to the PRA for approval.

b. The purpose of an Organizational/Team Achievement Recognition (OAR) is to recognize members of a team, organization, or branch whose performance and contributions have successfully and directly advanced organizational goals. To qualify for an OAR, an employee must receive at least a Level 3 performance rating for the most recently completed appraisal cycle. OAR nominations will be submitted to the PPP for review and recommendation to the PPM for approval.

12. Share Allocation. Share allocation will be mathematically derived based on the average adjusted rating as shown below.

RATING LEVEL	AVERAGE ADJUSTED RATING	NUMBER OF SHARES
1	1 On Any Objective (Unacceptable)	0
2	2.00 to 2.50 (Fair)	0
3	2.51 to 2.99 (Valued Performer)	1
3	3.00 to 3.50 (Valued Performer)	2
4	3.51 to 4.00 (Exceeds)	3
4	4.01 to 4.50 (Exceeds)	4
5	4.51 to 4.75 (Role Model)	5
5	4.76 to 5.00 (Role Model)	6

13. Payout Distribution

a. ROs must recommend and justify the preferred allocation of the payout between salary increase and bonus. For example, if the employee is a high performer but low in his salary range or pay band, the RO can recommend a 90/10 split, meaning the employee should receive 90% of his payout as a salary increase and 10% as a bonus. Any changes proposed by the PPP will be discussed with the RO. The PPM will decide the final split.

b. The Navy's compensation model salary ranges are broad enough that salary increase performance payouts normally will not

cause an employee's salary to exceed the range control point. If a recommended payout split will cause an employee's salary to exceed the range control point the RO should review the appropriate compensation model and range phase definitions (Investment, Intellectual Capital, Critical Asset) to determine if the employee's position and salary should remain in the current range or be elevated to the next higher range. Justification for the split or range elevation should be included in one of the RO assessment blocks for the PPP to consider. Under no circumstances will a salary increase cause an employee's salary to exceed the maximum of the pay band.

c. In addition to current salary, ROs will consider the employee's level and complexity of work in comparison with others in similar work assignments, their relevant skills and competencies, the expectation of continued high performance, attrition and retention rates of critical shortage skill personnel, the employee's overall contribution to the mission of the organization, the position's value to the organization, and the long-term financial impact on the organization.

d. Per current DoD or DoN guidance, performance payouts, whether in the form of a salary increase or bonus, for eligible employees who are absent due to leave without pay, on a part-time or intermittent work schedule, or who entered into a NSPS position from a non-NSPS position during the rating cycle may be pro-rated as follows:

<u>HOURS WORKED</u>	<u>PERCENT OF PAYOUT</u>
1561-2087	100 percent
1041-1560	75 percent
521-1040	50 percent
0-520	25 percent

14. Rating Reconsideration Requests. Employees can challenge their rating of record or an individual job objective rating.

a. Employees will be permitted to use a reasonable amount of official work time to prepare a reconsideration request.

b. Reconsideration requests must be submitted in writing to the NSPS Program Office within 10 calendar days of receipt of the rating of record. The request must include a copy of the Notice of Pay Pool Panel Decision, state what change is requested, and the basis for the change.

c. An employee may not request reconsideration of their performance payout, the number of shares assigned, the share value, the distribution of their payout between salary increase and bonus, an interim review, a closeout assessment, or a recommended rating. Failure to comply with these procedures may result in the PPM's immediate written denial of the request.

d. The employee may request to discuss the reconsideration request with the PPM. The PPM will decide if a discussion is needed and the date, time, location and means of communication.

e. An employee may identify a representative to assist in pursuing the reconsideration. Such representative will be disallowed if the PPM determines a conflict of interest exists.

f. The PPM will review the request and confer with the RO and/or HLR. The PPM may also conduct further fact finding and/or reconvene the PPP. The PPM must render a written decision within 15 calendar days of receipt of the employee's request. The decision will include an explanation of the basis for the decision.

g. The employee can appeal the PPM's decision by submitting a written request to the PRA within five calendar days of receipt of the PPM's written decision, or if the PPM does not render a decision within the prescribed timeframe.

h. The PRA may confer with the PPM or conduct further fact finding, and will issue a written decision within 15 calendar days of receipt of the employee's written appeal. The PRA's decision is final.

i. If the final decision results in a change to an individual rating or the rating of record, the employee's appraisal will be modified in the PAA by the RO to reflect the new rating. A copy will be provided to the employee.

j. Employees who challenge their rating will initially receive a performance payout based on the rating of record (the rating being challenged) so the command's performance payout can be conducted without delay. Any additional payout resulting from a successful reconsideration will be paid from non-pay pool funds and will be retroactive to the effective date of the original payout.

k. Requests containing allegations of discrimination will not be considered through the reconsideration process. The employee will be given the option to withdraw the discrimination allegation and continue under the reconsideration process, or terminate the reconsideration process and contact an Equal Employment Opportunity (EEO) counselor to initiate an EEO complaint.

l. A complete copy of all reconsideration requests and decisions will be furnished to the servicing HRO, RO, HLR, and the employee. A copy will be maintained by the NSPS Program Office for record purposes.

15. Training and Certification Requirements

a. NSPS employees are required to complete the following courses: NSPS 101; iSuccess; Pay Pools, Performance and you; DoN's Navigating NSPS for Employees; and Writing Job Objectives and Self Assessments.

b. ROs and HLRs are required to complete the following courses to be certified as NSPS ROs: NSPS 101; iSuccess; Pay Pools, Performance, and you; Managing Change; Managing Direct Reports; Coaching for Results; DoN's Navigating NSPS for Supervisors and Managers; and Writing Job Objectives and Performance Assessments.

c. PPP members and the PPM are required to complete Pay Pool Management training in addition to the courses required for ROs prior to serving on a PPP.

d. The PPM will appoint and certify, in writing, PPP members as qualified in the performance of their duties. Documentation of necessary training completed and certification will be retained by the NSPS Program Office.

16. Decertifying ROs

a. An RO who initially met the minimum qualifications to serve as an RO may be disqualified by the PPM when the RO fails to make meaningful distinctions in performance levels, for other reasons listed in reference (b), sections 1930 and 1940, and for any other legitimate reason, to include non-compliance with NSPS performance management responsibilities, as determined by the PPM.

b. The PPM will provide a written notice to the RO with a copy to the RO's supervisor explaining the basis for disqualification and the specific steps that must be taken to regain certification. The written notice will also advise the RO that they will be held accountable in their performance rating, fitness report or evaluation when the decertification is a result of performance or behavioral issues.

c. The HLR will assume the decertified RO's role until such time the RO is re-certified or another RO is appointed.

17. Pay Pool Summary Report

a. At the conclusion of the annual PPP meeting, the PPA will prepare a summary report for the PPM to brief the PRA. The report will include the average share assignment, number of employees receiving each share assignment, and pay pool share value expressed as a percentage of base pay. PRA approval of this report will authorize the payout.

/s/

R. R. BRAUN
Deputy

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